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MISSION

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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 08/25/06 AND ENDING 12/31/06  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: JSL Securities, Inc.

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

300 West 10th Street

(No. and Street)

West Point

GA

31833

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Frank E. Plan

(706) 645-8242

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Gifford, Hillegass &amp; Ingwersen, LLP

(Name - if individual, state last, first, middle name)

1200 Ashwood Parkway, Suite 300

Atlanta

GA

30338

(Address)

(City)

(State)

(Zip Code)

## CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 21 2007

THOMSON  
FINANCIAL

FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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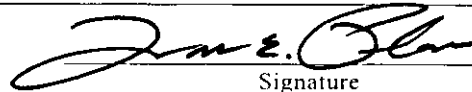
## OATH OR AFFIRMATION

I, Frank E. Plan, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of JSL Securities, Inc., as of December 31, 20 06, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

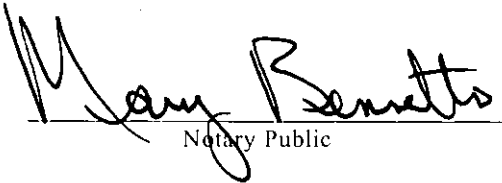


Signature

Frank E. Plan

President

Title



Notary Public

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

*\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).*

**JSL SECURITIES, INC.**

**FINANCIAL STATEMENTS**

**December 31, 2006**

**with  
Independent Auditors' Report**



**Gifford Hillegass & Ingwersen, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Where it all comes down to worth.

# **JSL SECURITIES, INC.**

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**December 31, 2006**

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Gifford Hillegass & Ingwersen, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder  
JSL Securities, Inc.  
Atlanta, Georgia

We have audited the accompanying balance sheet of JSL Securities, Inc. (a C Corporation) as of December 31, 2006, and the related statements of operations, stockholder's equity and cash flows for the period from inception (March 6, 2006) through December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JSL Securities, Inc. as of December 31, 2006, and results of its operations and cash flows for the period from inception through December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in the supplementary schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

GIFFORD, HILLEGASS & INGWERSEN, LLP

February 26, 2007  
Atlanta, Georgia



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**JSL SECURITIES, INC.**

**STATEMENT OF FINANCIAL CONDITION**

**December 31, 2006**

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ASSETS	
Current Assets	
Cash	\$ <u>25,212</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>25,212</u></b>
STOCKHOLDER'S EQUITY	
Commitments (Note C)	
Stockholder's Equity (Note D)	
Common stock, \$1.00 par value, 1,000 shares authorized, issued and outstanding	\$ 1,000
Paid-in capital	29,500
Accumulated deficit	<u>(5,288)</u>
<b>TOTAL STOCKHOLDER'S EQUITY</b>	<b>\$ <u>25,212</u></b>

*See accompanying notes.*

**JSL SECURITIES, INC.**

**STATEMENT OF OPERATIONS**

**For the Period From Inception (March 6, 2006) through December 31, 2006**

---

<b>Other Income</b>	<b>\$ 212</b>
<b>Operating Expenses (Note B)</b>	<u><b>5,500</b></u>
<b>NET LOSS</b>	<u><u><b>\$ (5,288)</b></u></u>

*See accompanying notes.*

# JSL SECURITIES, INC.

## STATEMENT OF STOCKHOLDER'S EQUITY

For the Period From Inception (March 6, 2006) through December 31, 2006

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	<u>Common Stock</u>	<u>Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Capital Contribution at Inception	\$ 1,000	\$ 24,000	\$ -	\$ 25,000
Additional capital contribution	-	5,500	-	5,500
Net loss	<u>-</u>	<u>-</u>	<u>(5,288)</u>	<u>(5,288)</u>
<b>Balance at December 31, 2006</b>	<u>\$ 1,000</u>	<u>\$ 29,500</u>	<u>\$ (5,288)</u>	<u>\$ 25,212</u>

*See accompanying notes.*

**JSL SECURITIES, INC.**

**STATEMENT OF CASH FLOWS**

**For the Period From Inception (March 6, 2006) through December 31, 2006**

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**Increase (Decrease) in Cash:**

**Cash Flows from Operating Activities**

Net loss	\$ (5,288)
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**Cash Flows from Financing Activities**

Capital contributions	<u>30,500</u>
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NET INCREASE IN CASH	25,212
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Cash at Beginning of Period	<u>-</u>
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Cash at End of Period	<u>\$ 25,212</u>
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*See accompanying notes.*

# JSL SECURITIES, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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### NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Organization and Business: JSL Securities, Inc. (the “Company” or “JSL Securities”) was incorporated in Georgia on March 6, 2006. The Company is a registered broker-dealer under the Securities Exchange Act of 1934. The Company is a wholly-owned subsidiary of J. Smith Lanier & Co., (“JSL”) a regional insurance broker with offices located in Georgia, Alabama, Florida, North Carolina, and Tennessee. The Company has not yet begun operations. They will engage in a limited securities business that will do investment company and variable contract business solely on an application way basis.

Income Taxes: The Company has elected to be taxed under the C Corporation rules of the Internal Revenue Code and accounts for income taxes using the asset and liability method in accordance with Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes*. J. Smith Lanier & Co. files a consolidated tax return which includes JSL Securities; therefore, no income tax effects will be included in the accompanying financial statements until the Company begins operations.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Values of Financial Instruments: Financial instruments are reported at values which the Company believes are not significantly different from fair values. The Company believes no significant credit risk exists with respect to any of its financial instruments.

### NOTE B—RELATED PARTY TRANSACTIONS

JSL Securities is a wholly-owned subsidiary of J. Smith Lanier & Co. JSL contributed \$25,000 to set up JSL Securities on March 6, 2006. During the period ended December 31, 2006, JSL contributed an additional \$5,500 to pay for certain license expenses of JSL Securities.

## **JSL SECURITIES, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2006**

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#### **NOTE C—NET CAPITAL REQUIREMENT**

The Company, as a registered broker-dealer in securities, is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1). The Company has elected to operate under that portion of the Rule which requires that the Company maintain "net capital" equal to the greater of \$5,000 or  $6\frac{2}{3}\%$  of "aggregate indebtedness," as those terms are defined in the Rule.

## **SUPPLEMENTAL INFORMATION**

**JSL SECURITIES, INC.**

Schedule I

**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1**

**December 31, 2006**

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**Computation of Net Capital**

Total stockholders' equity	\$ 25,212
Deduct nonallowable assets	<u>-</u>
Net capital	<u>\$ 25,212</u>

**Computation of Aggregate Indebtedness**

Total aggregate indebtedness	<u>\$ -</u>
------------------------------	-------------

**Computation of Minimum Net Capital Requirement**

Net capital	\$ 25,212
Minimum net capital to be maintained (greater of \$5,000 or 6 <sup>2</sup> / <sub>3</sub> % of total aggregate indebtedness)	<u>5,000</u>
Net capital in excess of requirement	<u>\$ 20,212</u>
Percentage of aggregate indebtedness to net capital	<u>0%</u>

There is no significant difference between net capital as computed by the Company on its FOCUS report for the quarter ended December 31, 2006 and the audited financial statements at December 31, 2006.

**JSL SECURITIES, INC.**

Schedule II

**OTHER INFORMATION**

**December 31, 2006**

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The following statements and computations are not applicable at December 31, 2006, and for the period then ended and, accordingly, are not included herein:

- a) Statement of changes in liabilities subordinated to claims of creditors.
- b) Computation for determination of the reserve requirements pursuant to Rule 15c3-3.
- c) Information relating to the possession or control requirements under Rule 15c3-3.
- d) Schedules of segregation requirements and funds in segregation pursuant to the Commodity Exchange Act.



Gifford Hillegass & Ingwersen, LLP

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## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL

To the Board of Directors  
JSL Securities, Inc.

In planning and performing our audit of the financial statements and supplemental schedules of JSL Securities, Inc. (the "Company") for the period from inception (March 6, 2006) through December 31, 2006, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications and comparisons and recordation of differences required by Rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with accounting principles generally accepted in the United States of America Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.



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Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2006, to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the SEC, and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, likely representing a partner or representative of the firm.

GIFFORD, HILLEGASS & INGWERSEN, LLP

February 26, 2007  
Atlanta, Georgia

END